

**Testimony of Robert Prantil**

**Regional Executive – North**

**GE Energy**

**Michigan Senate Energy & Technology Committee Hearing**

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Mr. Chairman, members of the Committee, my name is Bob Prantil, Regional Executive for GE Energy. GE is a diversified global infrastructure, finance and media company whose focus is to meet the world's essential needs. From energy, water, transportation and health; access to money and information, GE serves customers in more than 100 countries and employs more than 300,000 people worldwide.

We are especially proud of our longstanding – and expanding -- presence in Michigan, where we have a number of facilities representing our corporate, aviation, healthcare, capital, and home and business solutions divisions. GE currently employs more than 3,000 people in Michigan. Our businesses and employees give more than \$1 million dollars per year in educational and charitable contributions.

GE considers Michigan to be an extremely important market, and our expanded footprint in the state reflects that.

Just last year GE opened an Advanced Manufacturing and Software Technology Center in Van Buren Township, which will employ over 1,000 scientists and engineers who are developing next generation manufacturing technologies and software for GE's leading energy, aircraft engines, gas turbine and other high-tech products. Additionally, GE Aviation has refurbished a nearby building for office space and for delivery of fan case machining for production of engine parts. This facility is scheduled this fall, adding an additional 130 jobs.

All told, in the past three years GE has invested nearly \$200 million dollars and has added 750 new jobs in the State of Michigan. We are expecting to add approximately 400 new jobs in the coming years. This is at a time when Michigan faces serious economic conditions, high unemployment and underemployment. GE has looked at the state's proud manufacturing history, its rich talent in research, development and engineering, and we saw great potential. We concluded Michigan was a good place to invest – and we haven't been disappointed.

As GE takes on a commitment of this size and scale, one of the things that most attracts us is an open investment climate and a stable, consistent policy and regulatory regime. That includes stability and predictability in the rates that we pay for services such as electricity. We hope that you and other leaders in the state will consider how important it is for those of us investing in Michigan to know that the terrain will not shift unexpectedly. Advocates of changing the current regime might argue that expanding electric customer choice will create competition and lower prices. In truth, no one knows whether that will be the case. We want to be sure that whatever changes are made are

done so carefully to support, rather than undermine, existing investments, and likewise to ensure the best possible climate for future investment and job creation.

Utilities represent one of the most important customer segments for GE's energy business. In my role, I meet with senior executives of utilities throughout the northern region of the United States – including Michigan and all of its immediate neighbors. We've developed close partnerships with DTE Energy and Consumers Energy; providing wind turbines, Advanced Metering Infrastructure, transmission, distribution, and other electrical equipment, as well as energy services. And we hope to do much more – including providing GE's advanced nuclear equipment for the potential expansion of DTE's Fermi plant.

One of the most consistent and recurring themes I hear during my interaction with utility management is the importance of regulatory certainty. When utilities invest in GE's equipment and services, they take the long view – with horizons as far out as 30 to 40 years. These investments almost always result in long-term efficiencies and cost-savings, which in turn lower the burden on the ratepayer. If such investments are to succeed, however, and if they are to be prudent and truly serve their customer's interests, utilities have to have accurate forecasts of their load, their customer base, and the requirements for their systems. Changing the rules mid-stream could generate uncertainty, and likely would cause utilities to defer or delay investments that otherwise would add newer cleaner generation, improve electric reliability, reduce harmful environmental impacts, and lower costs over time for electric customers. While competition is typically seen as a good thing it is often difficult to predict the end result. There are many factors that have to be weighed in this decision, such as transmission capacity and congestion, which may make outside generation the higher priced alternative. If this were to happen, significant opportunities for job creation and economic development for the state importing the power – in this case, Michigan – can be lost for decades.

Mr. Chairman, members of the Committee, I ask you to think very carefully whether it makes sense to revise Michigan's regulatory structure for electricity just three years after it was adopted. From the perspective of GE – a company that is providing technology and know-how to improve Michigan's electric sector, and similarly is making significant investments in R&D and manufacturing in the state – we place a high value on stability and consistency. We urge you to give careful consideration to all aspects of this concept and ensure that the state neither undermines the investments that we and others have made under the existing rules, nor reduces the chance for further investment and job creation by utilities.

Thank you, and I'd be happy to answer any questions.